CANADA. DEPARTMENT OF AGRICULTURE.

THE AGRICULTURAL OUTLOOK FOR CANADA.

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DEPARTMENT OF AGRICULTURE
THE RT. HON. JAMES G. GARDINER, MINISTER

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THE AGRICULTURAL OUTLOOK FOR CANADA, 1955

The annual Agricultural Conference was held in Ottawa, December 6 and 7, 1954. Representatives of Federal and Provincial Governments and delegates from farmers' organizations reviewed the agricultural situation and discussed the outlook for 1955. Some of the highlights of the outlook are presented in this pamphlet as an aid to farmers in planning their operations for 1955.

GENERAL OUTLOOK FOR 1955

The present international economic outlook is more reassuring in a number of respects than it was a year ago. Business activity in North America, although somewhat below the high level of 1953, is now stable or slightly rising and in the United Kingdom, most of Western Europe and some Commonwealth countries, an expansion of employment and output is under way.

Over-all world trade continues at a high level, and in general, the foreign exchange position of overseas countries is stronger than at any time since the war. There seems little or no reason to expect a reversal in the substantial progress which has been made in the removal of import restrictions against dollar goods. The import of agricultural products is still restricted to some extent, however, by controls remaining in effect in the important United Kingdom and United States markets. Large surplus disposal programs are also being initiated in the United States, and the manner in which these programs are carried out could influence the regular flow of agricultural trade.

World agricultural production has increased in recent years by nearly three per cent annually, compared with an increase in population of 1·5 per cent. The pressure for increased production has thus become less pronounced, though the gains in production have not always been in the regions where requirements were greatest. Surpluses have emerged for some commodities, but in many areas the strong drive for national self-sufficiency is continuing.

Economic conditions in Canada have shown a slight improvement during the last half of 1954 over the first part of the year. This improvement is expected to continue in 1955. Combined government expenditures (Federal, Provincial and Municipal) are likely to remain about the same as in 1954. Capital investment probably will remain high. Per capita income levels should be sustained. The declining trend in Canadian exports appears to have ended. Conditions now prevailing in the world wheat market suggest some increase in sales. Recent developments should make available for export increased volumes of iron ore and aluminum. Markets for base metals and forest products are expected to remain firm.

Prospects for the sales of agricultural products in 1955 are good. Sustained consumer incomes per capita should increase food consumption in Canada and the agricultural export situation should improve.

It is probable that farmers' cash receipts in 1955 may be somewhat higher than in 1954. A large part of the 1954-55 western wheat deliveries will likely take place during the first seven months of 1955. This, together with fall deliveries above the record low-level deliveries of the 1954 fall season, would raise the returns from this source next year. Present indications suggest there will be no significant change in livestock cash receipts during 1955. Increased marketings are likely to offset any prospective price declines. Income from other products is expected to remain at or about the 1954 level.

In 1955, farm net income is expected to be about the same as that of 1954. Farm operating expenses are not likely to vary significantly from those of 1954. On the basis of an average crop, estimated higher deliveries and smaller carry-over stocks at July 31, 1955, farm inventories of grain at the end of 1955 will be below the 1954 year-end levels. This continuing decrease in year-end farm inventories of grain would, however, be offset by the expected gain in cash income.

FARM LABOR AND SUPPLIES

Farm Labor.—The requirements for farm workers in 1955 will probably be slightly higher than in 1954. It is expected, however, that more workers will be available to agriculture next year so that the supply will bear about the same relationship to the demand as it did in 1954. As usual, there will be a surplus of farm workers this winter, while during periods of peak requirements it is expected that it will again be necessary to move workers to deficit areas.

Farm Supplies.—Prices of farm supplies—fertilizers, pesticides and farm machinery—in 1955 should remain at about the levels prevailing in 1954. The supply of these commodities should prove ample to meet farmers' requirements.

TRANSPORTATION AND COLD STORAGE

The 1955 volume of farm products traffic on Canada's railways and waterways will depend on rate of clearance for overseas shipment of wheat from ocean ports. Both grain traffic and total agricultural traffic were down in 1954 but could increase in 1955, despite the small grain crop, by drawing from large storage stocks. Shipment of other commodities varies only slightly from year to year.

Equalized class freight rates in 1955 will not affect agricultural traffic greatly as only about 10 per cent of farm commodities move under class rates. But the national freight rate policy calls for some degree of equalization of commodity rates in due course. Low rates of the "agreed charge" type will apply on some movements of butter, canned foods, and potatoes until furthur notice.

Occupancy of commercial cold storage is expected to decline somewhat in 1955. Frozen food storage facilities available to consumers in locker plants are likely to change little during 1955, but facilities provided in the home by home freezers and domestic refrigerators will probably expand considerably.

GRAINS AND FEEDS

World production of wheat in the 1954-55 crop year is estimated at about 6·8 billion bushels, six per cent below the 1953-54 level. Stocks available for export and carry-over in the hands of the four major exporters in the fall of 1954 were running about one per cent higher than a year previously. Large wheat crops have again been harvested by some importing countries but quality is low in many areas and accumulated reserves in a number of important countries have been largely depleted. On balance, it would appear that a fairly substantial export market exists, particularly for high quality wheat, during the current crop year.

Reflecting an unprecedented rust epidemic, unfavorable weather and other adverse factors, wheat production in Canada in 1954 fell below 300 million bushels, the smallest crop since 1943. Grades of new crop western wheat are relatively low. Nevertheless, baking strength of flour made from milling grades of the 1954 crop is good. At October 1, 1954, Canada had some 684 million bushels available for export during the remainder of the crop year and for year-end carry-over, as against 796 million at October 1, 1953. It is expected that exports from Canada during 1954-55 will exceed the 1953-54 level of 255·1 million bushels and that domestic disappearance will also be greater due to increased use of wheat for livestock feed. If these trends are realized, the carry-over of wheat in Canada at July 31, 1955, will be materially reduced from the next-to-record level of 594·2 million on hand a year earlier.

Total supplies of feed grains for 1954-55 are down about 15 per cent from last year's record level but are still well above average. This year's lower supplies result largely from sharply reduced production of oats and barley. Feed requirements will likely be somewhat higher than last year because of an increase of about six per cent in the livestock population but exports are not expected to reach the near-record levels of 1953-54. In view of lower supplies, increased domestic requirements, and the outlook for a reasonably good export volume, there should be fairly marked reductions, especially for oats, in year-end carry-over stocks at July 31, 1955.

Generally adequate supplies of fodder and the major feed supplements are indicated for the current crop year. Although production of tame hay was above average, prolonged wet weather in many areas seriously reduced quality and caused considerable spoilage. However, the abundant pasture growth and relatively open fall permitted feeders to pasture livestock late in the season, reducing to some extent demands on winter feed supplies.

LIVESTOCK

An increased output of meat animals is probable in 1954-55 (year ending September 30) with production hogs up about 19 per cent and smaller increases ranging from five to seven per cent in marketings of cattle, calves and sheep and lambs. It is unlikely that the domestic market will be able to absorb the supplies of hogs, cattle and calves that will be available and therefore Canadian prices will be very closely related to comparable United States' prices.

Except for hogs, Canadian prices of livestock are expected to show little change in 1954-55 compared with 1953-54, although slight declines may occur under the pressure of larger supplies. Prices of hogs are likely to show the greatest change. In general, domestic prices will be largely dependent on the availability of satisfactory export outlets for surplus livestock and livestock products.

A larger population and a continued high level of consumer demand should contribute to a small increase in total meat consumption. During 1954-55 Canadians may consume about 1·6 billion pounds of meat from inspected slaughter, an increase of three per cent from the preceding year.

Relatively lower prices are likely to induce a substantial increase in domestic disappearance of pork. It is estimated that in 1954-55

domestic disappearance of pork from graded hogs may be equivalent to an average of about 94 thousand hogs weekly, an increase of 12 per cent from that of the preceding 12-month period. On the other hand, disappearance of beef in 1954-55 may be equivalent to about 31 thousand head weekly, a decline of about four per cent. Consumption of veal and lamb is expected to increase by six and seven per cent respectively, from 1953-54.

Exports of livestock and meats will probably increase substantially from those of 1953-54. It is estimated that in 1954-55 the surpluses over domestic use may amount to approximately 120 million pounds of pork, three million pounds of veal and 100 million pounds of beef. This beef, in terms of cattle, amounts to about 190 thousand head.

DAIRY PRODUCTS

Milk production in 1955 is provisionally estimated at 17 billion pounds, up slightly from the 1954 total. Only a small increase is foreseen, as milk cow numbers are expected to rise little between June 1, 1954, and June 1, 1955.

Production of creamery butter and of dry skimmed milk in 1955 is expected to be about the same as in 1954. An increase in the amount of milk used for fluid purposes and in production of concentrated whole milk products is probable, but cheddar cheese output may drop slightly. Domestic disappearance of most dairy products is expected to rise somewhat in accordance with population increases. No major changes in the volume of exports are foreseen.

EGGS AND POULTRY

Little change is expected in the egg and poultry market in 1955 compared with 1954. The egg market will not be stronger in 1955 than in 1954 until at least June, and then may strengthen only if the 1955 hatch is smaller than in 1954.

The combined effects of a record poultry crop, low prices and aggressive merchandising in the United States had a depressing influence on the Canadian poultry meat market in 1954. This situation is not expected to change greatly in 1955 with the result that the Canadian poultry outlook in 1955 is closely linked to that in the United States, where conditions in 1955 are not expected to differ much from those in 1954. Prices for the 1955 turkey crop will be better than in 1954 if producers in Canada and the United States cut back production from 1954 levels. Prices of fowl in 1955, as in 1954, will continue to be greatly influenced by the American fowl market. The outlook for commercial broilers and farm chicken is more dependent on conditions prevailing in Canada than the fowl and turkey outlook and conditions will not likely differ greatly from 1954.

FRUITS AND VEGETABLES

The 1955 apple crop may approximate 15 million bushels, if weather conditions are favorable. Crops of tender and small fruits, particularly apricots, peaches, cherries and raspberries are also expected to be larger than in 1954.

Domestic stocks of potatoes supplemented with imports will probably ensure adequate supplies for the remainder of the 1954-55 season. Prices are well above those existing last year and it is expected that this firm market will prevail. Prices received by farmers for their last season's crop usually exert a considerable influence on their next season's plantings. If farmers plant about the same acreage as they did in 1954 (296 thousand acres) and obtain yields equal to the 1948-52 average (187 bushels per acre) then a crop of almost 56 million bushels will be forthcoming in 1955. Such a crop would be well above that of 1954 but well below that of 1953.

The total supply of canned vegetables at September 30, 1954, was approximately 20 per cent below that on the corresponding date a year earlier. This situation was largely a result of reduced holdings of corn and tomatoes. The contracted acreage of vegetables may be somewhat larger in 1955 but this will be largely determined by the supply position in the spring.

HONEY

The 1955 honey crop should be well above that of 1954 if average weather conditions prevail. The small crop of 20 million pounds was the result of unfavorable weather conditions especially in western Ontario where there was a severe drought.

Prices for honey in 1954 were higher than they were in 1953 and it is expected that this firm market will prevail throughout the winter and spring months.

In most provinces some honeybees are rented or maintained chiefly for pollination purposes, and as further information of the value of this practice becomes available it may provide an increasing source of income for Canadian beekeepers.

OILSEED CROPS

Inedible oilseed supplies for 1954-55 are somewhat higher than in 1953-54, rapeseed production having increased substantially, while total flaxseed supplies are slightly below last year's levels.

Flaxseed exports are likely to be fairly large, as in 1953-54, but domestic crushings may be lower. Flaxseed prices are not expected to be appreciably greater than in the preceding twelve months.

The supply of edible oilseed from domestic production is the largest ever recorded, mainly due to a further increase in soybean production. Soybean prices were relatively low at harvest time and some increase in price is expected during the remainder of the crop year.

TOBACCO

As a result of an all-time record crop of Canadian leaf in 1954, stocks of old leaf tobacco on hand at September 30, 1955, were estimated to be 166·6 million pounds, which was 6·6 million pounds higher than the stock figure at the same date in 1954. These stocks represent a supply of approximately 19 months, which is slightly less than normal, based on an estimated increase in consumption in 1954-55.

Exports of tobacco in 1955 may exceed 50 million pounds which, if reached, will be an all-time high for tobacco exports from Canada.

It is estimated that manufacturers will use about 106 million pounds of tobacco in 1955, compared with 98 million pounds used in 1954.

SEEDS

Production of registered and certified seed of cereals was seriously affected in 1954 by very unfavorable harvesting weather, rust and frost and was smaller than in 1953. Supplies of registered and certified seed for 1955 planting should be sufficient to meet overall requirements. Good quality non-pedigreed seed, particularly of oats, will be scarce in many areas. It will be necessary for seed to move from areas of surplus to those of scarcity.

Seed production of alfalfa and clovers was much below that of 1953 but production of most grass seeds was larger. With the exception of alfalfa and red clover, supplies of most forage crop seeds are available in quantities exceeding normal domestic use. It is expected that red clover seed will retail at a near-record price in 1955 which will reduce purchases of this seed. It is expected that farmers will substitute where possible other seed such as alsike, timothy and alfalfa. Because of a near-record alfalfa seed crop in the United States, supplies are available to meet the Canadian shortages of both red clover and alfalfa seed.

Prices to growers for nearly all forage crop seeds, with the exception of creeping red fescue, are above those of 1953 and consequently retail prices are expected to be higher in 1955.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
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